

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 3900	Department Air Resources Board	Priority No. 14
Budget Request Name 3900-014-BCP-BR-2016-GB		Program 3510 - CLIMATE CHANGE	Subprogram

Budget Request Description
Cap and Trade Expenditure Plan - Low Carbon Transportation

Budget Request Summary

The Air Resources Board requests an additional \$495 million in Greenhouse Gas Reduction Funds, for a total of \$500 million in 2016-17, for Low Carbon Transportation projects that would reduce greenhouse gas emissions with a focus on benefiting disadvantaged communities. These investments would accelerate the transition to low carbon freight and passenger transportation, supporting the Governor's climate change strategy pillar of a 50 percent reduction in petroleum use in vehicles by 2030 and the Governor's goal to deploy 1.5 million zero emission vehicles in California by 2025. \$455 million would be directed to continue and expand the Greenhouse Gas Reduction Fund Low Carbon Transportation investments from the 2015-16, 2014-15, and 2013-14 budget cycles to meet consumer demand, including projects that provide incentives for sustainable freight technology, near- and zero-emission passenger vehicles, and clean trucks and buses to achieve greenhouse gas emission reductions. \$40 million would be directed to establish a new program to provide incentives for in-state production of ultra-low carbon fuels; the one limited term position requested would develop and implement this new program.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed
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Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date
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For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

<input type="checkbox"/> FSR <input type="checkbox"/> SPR	Project No.	Date:
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If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Lucina Negrete	Date 1/7/16	Reviewed By Alice Stebbins	Date 1-7-16
Department Director Richard W. Corey	Date 1/7/2016	Agency Secretary Matthew Rodriguez	Date 1-7-16

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ CALSTARS ☐ Dept. of Technology

BCP Type: ☐ Policy ☐ Workload Budget per Government Code 13308.05

Original Signed By:
Ellen Moratti

PPBA	Date submitted to the Legislature 1/11/16
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A. Budget Request Summary

The Air Resources Board requests an additional \$495 million in Greenhouse Gas Reduction Funds, for a total of \$500 million in 2016-17, for Low Carbon Transportation projects that would reduce greenhouse gas emissions with a focus on benefiting disadvantaged communities. These investments would accelerate the transition to low carbon freight and passenger transportation, supporting the Governor's climate change strategy pillar of a 50 percent reduction in petroleum use in vehicles by 2030 and the Governor's goal to deploy 1.5 million zero emission vehicles in California by 2025. \$455 million would be directed to continue and expand GGRF Low Carbon Transportation investments from the 2015-16, 2014-15, 2013-14 budget cycles to meet consumer demand, including projects that provide incentives for sustainable freight technology, near- and zero-emission passenger vehicles, and clean trucks and buses to achieve GHG emission reductions. \$40 million would be directed to establish a new program to provide incentives for in-state production of ultra-low carbon fuels; the one limited term position requested would develop and implement this new program.

B. Background/History

Implementation of the California Global Warming Solutions Act of 2006 (AB 32) includes measures that achieve real, quantifiable, cost-effective reductions of GHG emissions and return California to 1990 emission levels by 2020. Since 2006, the State has continued to steadily implement a set of actions that are driving down GHG emissions, cleaning the air, diversifying the energy and fuels that power our society, spurring innovation in a range of advanced technologies and improving natural resource health statewide.

These efforts have put California on course to achieve the 2020 emissions limit, and have created a framework for ongoing climate action that can be built upon to maintain and continue reductions beyond 2020. In addition to the near-term GHG emission reduction goals established in AB 32, mid-term and longer-term GHG emission reduction targets have been established in Executive Orders B-30-15 and S-3-05 to reduce greenhouse gas emissions by 40 percent below 1990 levels by 2030 and 80 percent below 1990 levels by 2050, respectively.

The Greenhouse Gas Reduction Fund (GGRF -funded by the Cap-and-Trade Program generated Auction Proceeds, authorized by AB 32) has been established for the purpose of funding measures that allow California to achieve its GHG reduction goals, furthering the purposes of AB 32. In addition, SB 535 (de León, Chapter 830, Statutes of 2012) requires that twenty-five percent of GGRF funds are spent to benefit designated disadvantaged communities, and ten percent must be spent within disadvantaged communities.

Consistent with statutory requirements, the Administration prepared and submitted to the Legislature the *Cap-and-Trade Auction Proceeds Investment Plan: Fiscal Years 2013-14 through 2015-16*¹, May 2013, which identified Low Carbon Transportation projects that support the transition from current to zero and near-zero advanced technologies in the freight and passenger transportation sectors as a priority for investment. The Administration's *Cap-and-Trade Auction Proceeds Second Investment Plan: Fiscal Years 2016-17 through 2018-19*², revised draft released December 2, 2015, reaffirms these Low Carbon Transportation projects as a priority investment area and includes incentives for in-State production of ultra-low carbon fuels as an investment concept within the Low Carbon Transportation category.

The Legislature appropriated Low Carbon Transportation funding from GGRF to ARB in the 2013-14, 2014-15, and 2015-16 State budgets consistent with the priorities identified in the Administration's first Investment Plan. This Low Carbon Transportation funding is being implemented through the administrative framework established by the Air Quality Improvement Program (AQIP), as envisioned in the Administration's Investment Plan.

2013-14 Low Carbon Transportation Appropriation: The 2014-15 State budget appropriated \$30 million from GGRF to ARB to fund:

¹ http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/final_investment_plan.pdf

² <http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/revised-second-investment-plan.pdf>

Analysis of Problem

- Clean Vehicle Rebate Project (CVRP) which provides consumer rebates for the purchase of zero-emission and plug-in hybrid passenger vehicles.
- Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) which provides vouchers for fleets to purchase hybrid and zero-emission trucks and buses.

Both the projects were originally authorized and developed through AQIP, and the GGRF appropriation provided additional funding to meet consumer demand.

2014-15 Low Carbon Transportation Appropriation: The 2014-15 State budget appropriated \$200 million from GGRF to ARB for Low Carbon Transportation projects to reduce GHG emissions with an emphasis on advanced vehicle technology investments that benefit disadvantaged communities and support the Governor's goal of 1.5 million zero-emission vehicles in California by 2025. This funding:

- Continued and expanded CVRP and HVIP to meet consumer demand.
- Established new light-duty pilot projects to benefit disadvantaged communities.
- Established new zero-emission truck and bus commercial deployment projects to increase the use of the cleanest vehicles in disadvantaged communities.
- Funded demonstration projects to accelerate the introduction of advanced emission reduction technologies for the freight and other heavy-duty sector with projects located in areas that benefit disadvantaged communities.

At least 50 percent of the \$200 million is directed to benefit disadvantaged communities. Each of the projects is described in greater detail in the *Fiscal Year 2013-14 Funding Plan for the Air Quality Improvement Program and Low Carbon Transportation Greenhouse Gas Reduction Fund Investments*.³

2015-16 Low Carbon Transportation Appropriation: The Governor proposed a \$350 million appropriation to ARB for Low Carbon Transportation investments in the 2015-16 State budget May revision. Based on that proposal, ARB adopted the *Fiscal Year 2015-16 Funding Plan for Low Carbon Transportation Investments and the Air Quality Improvement Program*⁴ that would continue and expand the low carbon passenger and freight transportation projects funded in the 2014-15 budget cycle. The Funding Plan also continued the commitment to invest at least 50 percent of Low Carbon Transportation funds to benefit disadvantaged communities and added a target of investing at least 10 percent of these funds directly in disadvantaged communities. The 2015-16 Funding Plan also incorporated the direction two new bills signed into law in 2014 which refine ARB's implementation of its Low Carbon Transportation investments: SB 1275 (De León, Chapter 530, Statutes of 2014) which established the Charge Ahead California Initiative and SB 1204 (Lara, Chapter 524, Statutes of 2014) which established the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program.

To date, the Legislature has appropriated \$95 million to ARB for the 2015-16 budget cycle. In October 2015, the Board modified its implementation of the 2015-16 Funding Plan to direct this funding to existing projects in order to avoid implementation disruptions while the Legislature considers the rest of the Governor's budget proposal. Specifically, funding was directed to three vehicle rebate and voucher projects started in previous budget cycles:

- CVRP
- HVIP
- Enhanced Fleet Modernization Program (EFMP) Plus-Up Pilot Project to Benefit Disadvantaged Communities (car scrap and replacement)

This funding is expected to meet about six months of demand for these projects. Implementation of the remaining projects in the 2015-16 Funding Plan is being deferred until additional funds are appropriated by the Legislature.

³ http://www.arb.ca.gov/msprog/aqip/fundplan/final_fy1415_aqip_ggrf_fundingplan.pdf

⁴ http://www.arb.ca.gov/msprog/aqip/fundplan/proposed_fy15-16_funding_plan.pdf

Analysis of Problem

The resource and workload history for these Low Carbon Transportation investments is provided below.

Resource History (Dollars in thousands)

Program Budget	2011-12	2012-13	2013-14	2014-15	2015-16
Authorized Expenditures			\$30,000	\$200,000	\$95,000*
Actual Expenditures			\$30,000	\$200,000	
Revenues			\$30,000	\$200,000	
Authorized Positions			0.0	15.0	12.0
Filled Positions			0.0	15.0	12.0
Vacancies			0.0	0.0	0.0

*The Governor proposed \$350 million in the May 2015 Revise Budget. \$95 million has been appropriated by the Legislature to date.

Workload History

Workload Measure	2010-11*	2011-12*	2012-13*	2013-14	2014-15	2015-16
Clean Vehicle Rebate Project (CVRP)						
• Funding Plan Development	X	X	X	X	X	X
• Implementation of Project	X	X	X	X	X	X
Light-Duty Vehicle Pilots to Benefit Disadvantaged Communities						
• Funding Plan Development					X	X
• Implementation of Project					X	X
Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP)						
• Funding Plan Development	X	X	X	X	X	X
• Implementation of Project	X	X	X	X	X	X
Zero Emission Truck & Bus Commercial Deployment Pilot						
• Funding Plan Development					X	Pending funding
• Implementation of Project					X	Pending funding
Advanced Technology Demonstrations (freight focus)						
• Funding Plan Development	X	X	X		X	Pending funding
• Implementation of Project	X	X	X		X	Pending funding

*Prior to the 2013-14 budget cycle, this workload was funding from the Air Quality Improvement Fund.

C. State Level Considerations

The proposed Low Carbon Transportation projects are consistent with the Climate Change Scoping Plan, which serves as the State's strategic plan for implementing AB 32. They are also consistent with priorities identified in the approved 2013 *Cap-and-Trade Auction Proceeds Investment Plan* and the draft *Cap-and-Trade Auction Proceeds Second Investment Plan* which the Administration will submit to the Legislature in January 2016. The proposal is responsive to priorities identified in the second Investment Plan by including funding for a new program to provide incentives for in-state production of ultra-low carbon fuels, one of the new potential investment areas identified in the second Investment Plan.

These investments would accelerate the transition to low carbon freight and passenger transportation, supporting the Governor's climate change strategy pillar of a 50 percent reduction in petroleum use in vehicles by 2030. These investments would also support the Administration's goal to deploy 1.5 million zero emission vehicles in California by 2025 and the actions called for in the Governor's executive order on sustainable freight (Executive Order B-32-15) issued in July 2015.

D. Justification

The \$495 million request contains two distinct, but complementary elements.

Analysis of Problem

- Low Carbon Transportation/Clean Vehicles, Equipment, and Infrastructure: \$455 million in local assistance would be directed to continue and expand GGRF Low Carbon Transportation investments from the 2015-16, 2014-15, 2013-14 budget cycles to meet consumer demand, including projects that provide incentives for sustainable freight technology, near- and zero-emission passenger vehicles, and clean trucks and buses to achieve GHG emission reductions.
- Low Carbon Transportation/In-State Production of Ultra-Low Carbon Fuels: \$40 million (\$39.855 million in local assistance and \$145,000 in State operations for one limited term position) would be directed to establish a new program to provide incentives for in-state production of ultra-low carbon fuels.

Each of these elements is described in greater detail below.

Low Carbon Transportation/Clean Vehicles, Equipment, and Infrastructure: \$455 million would be directed to continue and expand the Low Carbon Transportation projects funded over that past three budget cycles to accelerate the transition to low carbon freight and passenger transportation as described in the Background section. At least half these funds (\$227.5 million) would be directed to benefit disadvantaged communities. These disadvantaged community investments are critical in ensuring the State meets the statutory requirement that at least 25 percent of the State's full portfolio of Cap-and-Trade auction proceeds investments from GGRF benefit disadvantaged communities and at least 10 percent are invested directly in disadvantaged communities. Potential projects include:

- CVRP.
- Light-duty vehicle pilot projects to benefit disadvantaged communities which are designed to increase access to the cleanest vehicles in disadvantaged communities and lower income households, including EFMP car scrap and replace programs, car sharing and vanpools, and financing assistance, among other potential projects.
- Deployment incentives for trucks and buses through projects such as:
 - HVIP.
 - Incentives for larger commercial deployments of zero-emission trucks and buses to complement HVIP.
 - Incentives for trucks certified to optional low NOx standards and operating on low carbon fuels.
 - Incentives for lower GHG emitting school buses in rural school districts.
- Advanced technology demonstration projects for freight equipment and other heavy-duty engines and equipment.
- Deployment incentives for zero-emission and near-zero emission off-road freight equipment.

The exact suite of projects and the allocations to each would be determined through a public process with the development and Board adoption of the *Fiscal Year 2016-17 Funding Plan for Low Carbon Transportation Investments and the Air Quality Improvement Program*. This is the same process that ARB used to allocate Low Carbon Transportation appropriations in the 2014-15 and 2015-16 budget cycles. In developing the allocations, ARB will follow the *Cap-and-Trade Auction Proceeds Funding Guidelines for Agencies that Administer California Climate Investments* as well as the requirements set forth in SB 1275 Chapter 530, Statutes of 2014) and SB 1204 (Chapter 524, Statutes of 2014).

The 2014-15 and 2015-16 Low Carbon Transportation budget appropriations provided extended encumbrance and liquidation periods in recognition of the fact that some of these projects, particularly the advanced technology demonstrations, are conducted over extended time frames. ARB requests the same extended encumbrance and liquidation periods for the 2016-17 budget year.

2015-16 Funding Status: Because ARB received \$95 million of the proposed \$350 million 2015-16, ARB will not be able to meet the expected funding demand for the 2015-16 budget cycle. ARB is likely to institute waiting lists for CVRP and HVIP to allow these projects to keep operating once funding is depleted in order to maintain momentum in the early vehicle deployment markets. If no additional

funding is appropriated in the 2015-16 State budget, ARB would fulfill these waiting lists with the first increment of its proposed 2016-17 Low Carbon Transportation appropriation. Based on current demand projects, ARB staff estimates that \$75-90 million of the 2016-17 appropriation would be needed to meet this carry over demand. The remaining \$365-380 million available to fund the project categories described above in the 2016-17 cycle.

Personnel Resources: ARB has received personnel resources to implement this element of the Low Carbon Transportation funding through Budget Change Proposals approved in previous budget cycles, so no new resources for these purposes are requested. The full \$455 million would be for local assistance.

Low Carbon Transportation/In-State Production of Ultra-Low Carbon Fuels: ARB requests \$40 million to provide incentive funding for production of very low carbon intensity transportation fuels in California. This funding will be restricted to bio-based fuels that are produced in California from feedstock that is also sourced in-state. Funding would be further limited to fuels which meet a minimum carbon intensity reduction as compared to the Low Carbon Fuel Standard (LCFS) compliance target. Priority for funding would be given to those fuels that provide significant reductions in both criteria and toxic pollutants in addition to reductions in greenhouse gases. ARB is not proposing a disadvantaged communities benefits target for this part of the appropriation at this time. The *Cap-and-Trade Auction Proceeds Funding Guidelines for Agencies that Administer California Climate Investments*, which provide the criteria for how implementing agencies evaluate potential projects for disadvantaged community benefits, does not include fuel production incentives as a project type that provides disadvantaged community benefits.

Background: Economics of advanced biofuels projects have become marginal due to a variety of market and policy drivers. These drivers include reducing the Renewable Fuel Standard volume obligations at the national level, unresponsive investors in the face of temporary production tax credits, higher-than-anticipated costs of agricultural residues and waste feedstocks, and rock-bottom oil prices. Although the State of California devotes incentive funding to cover “up-front” capital costs of advanced biofuel facilities through the California Energy Commission’s Alternative and Renewable Fuel and Vehicle Technology Program, industry and economic experts have commented that a long term “per gallon” subsidy may be more critical and cost effective at both maintaining existing levels of production and stimulating new investment. While this funding request is intended to be distributed over a single year, ARB will continue to explore options for providing multi-year commitments to the funding in order to maximize the potential for large facility investments.

Potential Program Structure: The program would be separate from the LCFS and would be administrated by different staff than those responsible for the LCFS program. Under one potential approach, in-state biofuel producers would be eligible for a “per gallon” subsidy if the fuel is sourced from feedstock produced in-state and achieves a minimum percentage reduction in carbon intensity as compared to the LCFS compliance target. The rate of the subsidy for a given fuel will be tied to the percentage reduction in carbon intensity with lower carbon intensity fuels earning a higher per gallon subsidy.

In the event that total demand for the subsidy is greater than funding allocated, priority for the subsidy would be given to those fuels that provide greater reductions in criteria and toxic pollutants as compared to their petroleum based counterpart. Allocation of funding would be additionally categorized by fuel type (e.g. gasoline blend components, diesel blend components, and gaseous fuels) to ensure equitable distribution across fuel types and further promote the diversification of the fuel pool in California.

The program description provided here is one of many possible program structures. Additional mechanical details will be developed through a public process as described in the “Outcomes and Accountability” section of this proposal.

Personnel Resources: ARB requests limited-term resources for one Air Pollution Specialist for a four year limited-term to develop and implement the program. This new program is beyond the scope of the type of projects ARB has funded with its 2013-14, 2014-15, and 2015-16 Low Carbon Transportation

Analysis of Problem

appropriations. Accordingly, it would create new workload. ARB requests the resources on a limited-term basis because, at this time, in-state production of ultra-low carbon fuels funding is proposed as one-time funding. ARB expects that this new program will be successful in incentivizing increased ultra-low carbon fuel production. *Complementary Roles of ARB and Energy Commission Programs:* ARB's Low Carbon Transportation investments complement the investments made by the Energy Commission through its Alternative and Renewable Fuel and Vehicle Technology Program. ARB has focused the majority of its investments on deployment incentives for commercially available vehicles with smaller investments in precommercial advanced technology vehicle demonstrations. The Energy Commission has focused its investments on alternative fuel production, infrastructure for advanced technology vehicles (e.g. electric vehicle charging and hydrogen, natural gas and ethanol (E85) fueling stations), advanced technology vehicles demonstration and scale up, manufacturing incentives, and workforce training, among other categories. The Energy Commission's infrastructure investments are critical to support ARB vehicle deployment efforts. ARB and Energy Commission staff meet routinely to provide for close coordination between each agency's programs.

E. Outcomes and Accountability

ARB has procedures in place to provide for maximum transparency and accountability in these programs. As noted in the previous section, the exact suite of projects and allocations to each would be determined through a public process with the development and Board adoption of the *Fiscal Year 2016-17 Funding Plan for Low Carbon Transportation Investments and the Air Quality Improvement Program*. Projected outcomes for the projects funded will be detailed in the Funding Plan.

The public process for developing the 2016-17 Funding Plan starts with the release of the 2016-17 Governor's Budget in early January 2016. ARB staff will hold a series of public workshops and more detailed public workgroup meetings between January and April 2016 to take public input and develop the detailed plan for implementing the proposed 2016-17 Low Carbon Transportation appropriation. ARB staff will release a proposed Funding Plan in May 2016 for a 30 day public comment. The proposed Funding Plan will be considered by the Board at a public meeting in June 2016.

In addition to this up front accountability, ARB will report annually on project outcomes. Health and Safety Code Sections 39720 and 39721 require Department of Finance to report to the Legislature annually on GGRF project status and outcomes; ARB provides input to these reports for GGRF moneys appropriated to ARB. The outcomes of ARB's Low Carbon Transportation investments through November 2014 are included in the *Annual Report to the Legislature on Investments of Cap-and-Trade Auction Proceeds*, released March 2015,⁵ and ARB is in the process of preparing input for the next annual report which will summarize outcomes through 2015. This second annual report will be released in March 2016.

To illustrate potential outcomes, the workload measures and projected outcomes for the \$95 million appropriated to date for the 2015-16 budget cycle are presented in the table below.

Projected Outcomes

Workload Measure	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
CVRP (\$75 million 2015-16 allocation)	30,000-40,000 vehicle rebates	development and board adoption of the Fiscal Year 2016-17 Funding Plan for Low Carbon Transportation Investments and the Air Quality Improvement Program				
HVIP (\$5 million 2015-16 allocation))	100-150 truck/bus vouchers					
EFMP Plus Up car scrap and replace (\$10 million 2015-16 allocation)	650-800 vehicles scrapped and replaced					
Light-duty pilot projects to benefit disadvantaged communities	Pending appropriation of funds					

⁵ <http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/2015ggrf-annual-report-to-legislature.pdf>

Analysis of Problem

Deployment incentives for trucks and buses	Pending appropriation of funds					
Advanced technology demonstration projects for freight equipment and other heavy-duty engines and equipment	Pending appropriation of funds					
Deployment incentives for zero-emission and near-zero emission off-road freight equipment	Pending appropriation of funds					
In-State Production of Ultra-Low Carbon Fuels Incentives	Not funded in 2015-16					

F. Analysis of All Feasible Alternatives

ARB has considered three alternatives:

Alternative 1 – Approve ARB’s request for \$495 million from GGRF for Low Carbon Transportation projects that would reduce GHG emissions with a focus on benefiting disadvantaged communities. These investments would accelerate the transition to low carbon freight and passenger transportation, supporting the Governor’s climate change strategy pillar of a 50 percent reduction in petroleum use in vehicles by 2030, the Governor’s goal to deploy 1.5 million zero emission vehicles in California by 2025, and strategies identified in the Climate Change Scoping Plan.

Alternative 2 – Approve a funding amount less than the \$495 million requested. ARB could implement a scaled back Low Carbon Transportation program. However, this would leave unmet demand which would slow the transition to low carbon freight and passenger transportation.

Alternative 3 – Approve no Low Carbon Transportation funding. Without funding, ARB would be unable to meet existing consumer demand for the zero-emission and near-zero emission vehicles that are already in the market and would not be able to fund the pre-commercial demonstration projects of designed to bring advanced technologies to market in the freight sector. ARB would also be unable to fund the projects designed to increase access to these cleanest vehicles for lower income consumers and disadvantaged consumers as directed in SB 1275. This would slow the transition to low carbon freight and passenger transportation, delaying progress towards the Governor’s climate change strategy pillar of a 50 percent reduction in petroleum use in vehicles by 2030 and the Governor’s goal to deploy 1.5 million zero emission vehicles in California by 2025.

Analysis of Problem

G. Implementation Plan

The table below presents the timeline for implementing expanded programs and projects.

FY 2016-17: Program and Project Implementation	
Jan - June 2016	<ul style="list-style-type: none"> • Develop Funding Plan for 2016-17 based on January 2016 budget proposal <ul style="list-style-type: none"> ◦ Public workshops, work groups, stakeholder meetings, technical analyses, develop project criteria, project allocations, projected outcomes ◦ Modify as necessary based on May 2016 revised budget proposal • Release proposed Funding Plan for 30 day public comment • Board consideration of proposed Funding Plan in June 2016
July - Dec 2016	<ul style="list-style-type: none"> • Develop project solicitation packages for projects in the 2016-17 Funding Plan • Oversee projects, track grant funds, and milestones for projects funded in previous budget cycles • Process grant payments • Provide input for annual GGRF report to Legislature
Jan - Jun 2017	<ul style="list-style-type: none"> • Continue developing project solicitation packages for projects in the 2016-17 Funding Plan • Solicit applications (projects can receive anywhere from 2 – 20 applications) • Select grantees • Prepare grant agreements • Oversee projects for up to three years of ongoing implementation • Track grant funds and milestones • Process grant payments and accounting • Evaluate data • Work with stakeholders • Begin Funding Plan development for 2017-18 <ul style="list-style-type: none"> ◦ Develop policy recommendations ◦ Plan for workshops/workgroups ◦ Prepare written handouts and fact sheets ◦ Draft appropriate sections of Funding Plan
Program Implementation beyond FY 2016-17	
As noted above, all projects, once developed, are implemented for up to four years, in conjunction with the development of the Funding Plan, adjustments to existing projects, and development of new projects.	

H. Supplemental Information

None.

I. Recommendation

ARB recommends approving the Alternative 1 request for \$495 million from GGRF for Low Carbon Transportation investments to reduce GHG emissions. This request includes:

- \$455 million in local assistance to continue and expand GGRF Low Carbon Transportation investments from the 2015-16, 2014-15, 2013-14 budget cycles to meet consumer demand, including projects that provide incentives for sustainable freight technology, near- and zero-emission passenger vehicles, and clean trucks and buses with at least half the funding being directed to benefit disadvantaged communities.
- \$40 million (\$39.855 million in local assistance and \$145,000 in State operations for one limited term position) to establish a new program to provide incentives for in-state production of ultra-low carbon fuels.

J. Addition of Provisions to Item 3900-101-3228 as follows:

1. Notwithstanding Section 16304.1 of the Government Code, the funds appropriated in this item shall be available for encumbrance until June 30 2019, and be available for liquidation not encumbrances until June 30, 2022.

Air Resources Board				Attachment A Workload Justification					
Fund: GGRF									
Position Title: Air Pollution Specialist									
Workload Measure	FY 2016-2017			FY 2017-18			FY 2018-19		
Description of task	Number of Times the task was performed	Number of hours needed to complete task	Total number of annual hours	Number of times the task was performed	Number of hours needed to complete task	Total number of annual hours	Number of times the task was performed	Number of hours needed to complete task	Total number of annual hours
Develop the low carbon fuels subsidy program. This includes developing criteria for fuel producers; organizing and implementing stakeholder engagement; conducting public workshops; and obtaining Board approval.	1	1800	1800						
Evaluate fuel producers and make awards. This includes evaluating each potential fuel producer against the eligibility criteria, determining the appropriate award amount, preparing correspondence, and establishing appropriate accounting procedures with each producer.				20	40	800			
Implementation of program. This includes calculating quarterly subsidy amounts, preparing correspondence, distributing the subsidy money using established state protocol, and monitoring awardees for compliance with program requirements.				40	25	1000	40	25	1000
Prepare and present technical presentations. Represent the program to internal and external organizations and individuals at conferences.							2	25	50
Post program activities. This includes participating in a post-program audit, evaluating success of program in meeting goals and developing and proposing a long-term subsidy program using lessons learned.							1	750	750
Total Hours			1,800				1,800		

1.0 Position Equivalent = 1800 hours
Numbers are based on previous workload experience

Innovative Strategies Branch – PROPOSED REORG TO ADDRESS ADDITION OF 1 PY FOR LCT

Branch Chief

Light-Duty Sections

*Innovative Light-Duty Strategies
Section
(CVRP, Low-Income Rebate Program,
Oversight)*

Existing <i>Air Resources Sup I</i>
Existing <i>Staff Air Pollution Specialist</i>
Existing <i>Air Pollution Engineer</i>
Existing <i>Air Pollution Specialist</i>
Existing <i>Air Pollution Specialist</i>
Existing <i>Air Pollution Specialist</i>
Existing <i>Air Pollution Specialist</i>
Existing <i>Air Resources Technician II</i>

*Innovative Disadvantaged Community
Pilots Section
(Formerly Planning and Regulatory
Development Section)
(Light-duty pilot projects)*

Existing <i>Air Resources Sup I</i>
Existing <i>Air Pollution Specialist</i>
Existing <i>Air Pollution Specialist</i>
Existing <i>Air Resources Engineer</i>
Existing <i>Air Pollution Specialist</i>
Existing <i>Air Pollution Specialist</i>

Heavy-Duty Sections

*Innovative Heavy-Duty On-Road
Strategies Section
(HVIP, Truck and Bus Pilot,
Demonstrations)*

Existing <i>Air Resources Sup I</i>
Existing <i>Air Pollution Specialist</i>
Existing <i>Air Pollution Specialist</i>
Existing <i>Air Pollution Specialist</i>
Existing <i>Air Pollution Specialist</i>
Existing <i>Air Pollution Specialist</i>

*Off-road and Agricultural
Strategies and Incentives
Section
(Off-road and Ag
Demonstrations, Fuels)*

Existing <i>Air Resources Sup I</i>
Existing <i>Staff Air Pollution Specialist</i>
Existing <i>Air Pollution Specialist</i>
Existing <i>Air Pollution Specialist</i>
Existing <i>Air Pollution Specialist</i>
Existing <i>Air Resources Engineer</i>
NEW <i>Air Pollution Specialist</i>

BCP Fiscal Detail Sheet

BCP Title: Cap and Trade Expenditure Plan – Low Carbon Transportation

DP Name: 3900-013-BCP-DP-2016-GB

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Salaries and Wages						
Earnings - Temporary Help	0	83	83	83	83	0
Total Salaries and Wages	\$0	\$83	\$83	\$83	\$83	\$0
Total Staff Benefits	0	38	38	38	38	0
Total Personal Services	\$0	\$121	\$121	\$121	\$121	\$0
Operating Expenses and Equipment						
5301 - General Expense	0	2	2	2	2	0
5302 - Printing	0	1	1	1	1	0
5304 - Communications	0	2	2	2	2	0
5320 - Travel: In-State	0	4	4	4	4	0
5322 - Training	0	1	1	1	1	0
5324 - Facilities Operation	0	10	10	10	10	0
5346 - Information Technology	0	4	3	3	3	0
54XX - Special Items of Expense	0	494,855	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$494,879	\$23	\$23	\$23	\$0
Total Budget Request	\$0	\$495,000	\$144	\$144	\$144	\$0

Fund Summary

Fund Source - State Operations						
3228 - Greenhouse Gas Reduction Fund	0	145	144	144	144	0
Total State Operations Expenditures	\$0	\$145	\$144	\$144	\$144	\$0
Fund Source - Local Assistance						
3228 - Greenhouse Gas Reduction Fund	0	494,855	0	0	0	0
Total Local Assistance Expenditures	\$0	\$494,855	\$0	\$0	\$0	\$0
Total All Funds	\$0	\$495,000	\$144	\$144	\$144	\$0

Program Summary

Program Funding						
3510 - Climate Change	0	495,000	144	144	144	0
Total All Programs	\$0	\$495,000	\$144	\$144	\$144	\$0